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SUBJECT: TIBET RAILWAY COMPLETION ADVANCES AMID PROBLEMS  
AND HIGH EXPECTATIONS

Classified By: Classified by Acting Political Internal Unit Chief  
Susan Thornton. Reasons 1.4 (b/d).

#### Summary

1. (C) Meeting the scheduled July 1 completion date for the high-profile Qinghai-Tibet railway line will be a major challenge, according to an Amcit engineer heavily involved in the project. Although the Minister of Railways reportedly ordered the completion date moved up to coincide with his promotion cycle, corruption and red tape are dogging the project. The Chinese Government has been reluctant to provide access and topographical information to foreign engineers, apparently because of the heavy military presence in the area. Local residents on the Qinghai end of the line expressed support for the project, which they hope will bring greater economic activity. End Summary.

#### New Deadline A Major Challenge

2. (C) The completion the high-profile Golmud-Lhasa section of the Qinghai-Tibet railway by the anticipated July 1, 2006 launching of the first passenger train represents a major challenge, according to an Amcit engineer for General Electric, which has provided the locomotive and signaling technology for the railway. The engineer, who spends weeks at a time in Golmud on the Qinghai-Tibet border, remarked to poloff during a recent visit to Golmud that the railway was originally slated for completion by July 1, 2007. Minister of Railways Liu Zhijun decided to speed up completion of the career-making project, however, in order to position himself for a promotion in the run-up to the 17th Party Congress to be held in 2007. (Note: Liu has a reputation as a competent and able administrator, but will have to overcome the transgressions of his brother, a railway official in Hubei province who was recently given a suspended death sentence for ordering a contract killing. End note.)

#### Coordination and Access Problems

3. (C) The rush to meet Liu's new deadline has put major pressure on all those involved in the railway project, including GE, whose future business in China depends largely on the success of the railway, the engineer asserted. He predicted that the second rail line currently being built on the Qinghai portion of the route will not be completed by the July 1 date and stressed that red tape and corruption have greatly complicated the work. GE technicians are allowed only

approximately 10 hours per week on the railway, despite the company's repeated requests for significantly greater access. While the Ministry of Railways (MOR) is responsible for the project, its coordination with other agencies involved in the railway is weak and erratic, he observed.

¶4. (C) This is in part due to the sensitivity of the railway's location, the engineer surmised. The MOR denied GE's requests to use Global Positioning System (GPS) technology to chart out the railway's terrain, agreeing to provide maps only after the GE technicians signed confidentiality agreements. When traveling as far as a few hundred kilometers south of Golmud in order to test the signaling stations, the engineers encountered temporary military camps lining the railway at intervals of about 25 kilometers. PLA soldiers in the camps even aimed their guns at the passing technicians, which the engineer assumed was some sort of bad joke.

¶5. (C) The presence of foreigners and use of foreign technology in the project continues to be sensitive, the engineer stated. During Premier Wen Jiabao's May 2005 inspection of the Qinghai-Tibet Railway's progress, the Premier reportedly fired a director general-level MOR official. According to the engineer, Wen asked to test the railway's telecommunications system, which was provided by Nortel, the only other foreign company hired to assist with the project. The system only worked on the second try and Wen ordered the MOR official to provide an explanation for the initial malfunction. In the engineer's telling, when the official subsequently told Premier Wen that he had inquired with Nortel, the

BEIJING 00010098 002 OF 002

Premier was angry at the lack of a ready answer and accused the official of "relying too much on foreign technology." The hapless official was reportedly subsequently dismissed.

#### Residents Cite Economic Benefits

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¶6. (C) Residents near the railway head in Golmud were largely supportive of the new line that will connect their city of 270,000 to Lhasa. Both Han and Hui Muslim residents, the largest groups in the urban area, speculated that the new railway will stimulate more rapid development and bring new economic benefits, such as increased investment. Some residents also predicted that improved transportation infrastructure resulting from Golmud's elevated status as a national railway hub will lower the price for goods transported from other parts of the province and country. Local residents highlighted the positive developments already seen in Golmud over the past couple years. The city's recently renovated airport, currently only one of two in Qinghai Province, demonstrates the increasing attention that the local, provincial and even central governments are paying to this previously downtrodden and remote city, they asserted.

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